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REF: A. JAKARTA 13121 (SPEAKER'S VOUCHER SCANDAL)
[1](#)B. JAKARTA 13173 (SHOWDOWN OVER REFORM UNIT)
[1](#)C. JAKARTA 8261 (Q2 BIO/POL GOSSIP)
[1](#)D. JAKARTA 5851 (Q1 BIO/POL GOSSIP)

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Classified By: Classified By: Political Officer Eric W. Kneedler, reason 1.4 (d).

SUMMARY

[1](#)1. (S/NF) Allegations of increasing influence peddling by the first family.....The latest scuttlebutt on possible cabinet moves.....Survival of the fittest for Golkar leadership.....Snapshots of likely/possible 2009 presidential contenders.....Continued dissatisfaction with Megawati in the PDI-P ranks.....This cable is the latest in a series that has provided political tidbits and rumors, rather than more developed information. Most of the gossip stems from single but well-placed sources. End Summary.

YUDHOYONO FAMILY BECOMING MORE ACTIVE IN BUSINESS?

[1](#)2. (C) Several contacts have claimed in recent weeks that the first family -- Mrs. Ani Yudhoyono in particular -- has become increasingly active in pursuing business opportunities. Such talk has circulated amongst the political elite since SBY first took office in 2004, but the frequency and intensity of these rumors appears to be higher than usual. Most of the rumors are short on specifics, however, and generally seem to gain currency primarily because of SBY's modest financial means. In a country where back room deals and envelopes under the table still determine political alliance and party endorsements, it is widely assumed SBY's precarious financial standing could jeopardize his re-election efforts. SBY's supporters and adversaries both recognize this core financial vulnerability and rumors that suggest he may be exploiting the presidency to address this issue seem to gain traction as a result.

[1](#)3. (S) National Mandate Party legislator Alvin Lie told us in November that SBY allowed his wife to partner with Pertamina Director Ari Soemarno and an unnamed intermediary to extract \$1 from each barrel of oil that Indonesia imports. Alvin said SBY approved the arrangement in order to help finance his campaign. According to Alvin, the relationship would

only las 18 months, by which point the campaign would prsumably be in pretty good financial shape (Note: Avin has hinted at these charges in public DPR hearings as well as in the media, but not in overly explicit terms. End Note). Alvin claimed his vague public accusations hit a nerve in the palace, and told us he received "many" phone calls from people indirectly connected to the first family asking "how much he wanted" to keep the full story quiet. According to Alvin, he told them he was only interested in ensuring the President did not use Pertamina "as an ATM machine" and would release more of what he knew in an effort to keep the first family in line.

CABINET RESHUFFLE ON HOLD

¶4. (C/NF) Dave Laksono, a key political operator of House of Representatives Chairman Agung Laksono, told us in mid-November that SBY informed members of the coalition government that he would not make any adjustments to his cabinet until March of 2007 or later. This assessment tracks with what we have heard from several other Golkar officials, as well as from contacts in other political parties.

¶5. (C/NF) According to Dave Laksono, Coordinating Minister for People's Welfare Aburizal Bakrie is the only Minister virtually assured of losing his job in the reshuffle, a move that would presumably allow SBY to distance himself from the Lapindo disaster.

¶6. (C) A top advisor to the President told the Ambassador in November that Agung Laksono presented SBY with a list of 10 Golkar representatives for consideration as potential cabinet members and urged that they all be appointed. According to SBY's advisor, the President was irritated with the nonchalance with which Laksono made the request, as well as

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the unrealistic size of the list.

¶7. (C) Several contacts in the Indonesian Democratic Party - Struggle (PDI-P) tell us SBY has gone to great lengths to try and mend fences with Megawati and enlist PDI-P support for the government. Former PDI-P legislator and current Indonesian Ambassador to New Zealand Amris Hassan told us that SBY had talked extensively with Megawati's husband Taufik Kiemas about tapping prominent PDI-P figures for the cabinet; Taufik reportedly signaled his interest in collaborating. According to Hassan and others within the party, however, Megawati vigorously objected to the proposal and has vetoed any and all talk of partnering with the government.

MEGA LOSING HER PARTY AND PDI-P STRUGGLING TO FIND ITS WAY

¶8. (C/NF) According to Amris Hassan, there is a growing sense of disillusionment within the PDI-P ranks over Megawati's stewardship of the party. Hassan bemoaned Megawati's inability to chart a coherent opposition strategy for PDI-P and said that he expected a growing number of high profile defections from the party unless changes were forthcoming. Hassan told us that Megawati's obsequious inner circle contributed to her leadership struggles as she was rarely challenged or prompted to consider alternative viewpoints from her own.

¶9. (C/NF) Hassan told us PDI-P members were becoming increasingly aware of the fact that PDI-P was viewed as little more than a Megawati cult of personality, and that most party members understood this would not translate into electoral success in 2009. He also told us that one of the contributing factors to his decision to accept the Ambassadorial posting to New Zealand was the knowledge that he would be able to distance himself from the party's

dysfunctional leadership.

¶10. (C/NF) In a mid-November meeting with PDI-P Research and Development Director Mohamad Prakosa, Prakosa told us that Megawati had directed him to research and analyze ways to improve PDI-P's performance. Prakosa told us the party recognized the fact that Megawati's favorability ratings were low, and he conceded that some members of the party were interested in the possibility of alternative leadership. Prakosa admitted that his primary job was to "revitalize" PDI-P and find a way to broaden the party's appeal.

SURVIVAL OF THE FITTEST IN GOLKAR

¶11. (C/NF) Dave Laksono told us his father, Agung Laksono, was coming under heavy fire from Indonesian media mogul and Golkar heavyweight Surya Paloh. According to Dave Laksono, Paloh was systematically working to undermine his father's standing in the party in a transparent effort to depose Agung Laksono as Golkar Deputy Chairman and pave the way for his own appointment as Deputy. Dave Laksono said that during Golkar's annual leadership meeting in mid-November, Paloh used party proxies to try and create a new leadership position within the party that would have diluted Agung Laksono's influence; the initiative ultimately failed after Agung Laksono successfully argued the move violated Golkar bylaws. Dave Laksono also said Paloh used surrogates in the DPR to try and impugn Agung Laksono's character in the DPR by accusing him of improperly handing out state education vouchers (Ref A). Dave Laksono told us that Paloh was receiving direct assistance in his efforts from Vice President Kalla, who he asserted felt threatened by Agung Laksono's access to the President.

PKS STILL UNDECIDED ON WHETHER TO SUPPORT THE GOVERNMENT

¶12. (C/NF) Prosperous Justice Party (PKS) legislator Fahri Hamzah told us in late November that PKS was still debating whether to continue its association with the President and the coalition government. According to Hamzah, PKS Chairman Tifatul Sembiring and other top members of the leadership felt as though the President treated them as "junior partners" and only sought PKS counsel on issues when it was

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politically expedient to do so. Hamzah cited as an example the very public donnybrook between the President and Golkar over SBY's plans for an economic reform unit (Ref B). While most of the media attention focused on the fact that SBY failed to seek Golkar's input on the planned reform initiative, Hamzah noted that PKS was also left out of the loop. According to Hamzah, SBY not only failed to coordinate the planned Reform Unit with PKS, but he compounded his error by soliciting the party's support only when it became apparent that Golkar opposed it. Though PKS did not necessarily disagree with the President's desire to establish the Reform Unit, according to Hamzah, the whole episode alienated many members of the PKS leadership structure.

POSSIBLE 2009 PRESIDENTIAL CHALLENGERS

¶13. (C) As of right now, the list of prospective opponents for 2009 remains short and unimpressive, a recycled lineup of has-beens and long-shot wannabes. It includes:

- Former President Megawati: Arguably the only political figure with the potential to mount a legitimate threat, she has stumbled in the opposition and failed to articulate a competing vision for the country. Having already beaten back one challenge to her authority in PDI-P, several of our contacts in the party report growing disenchantment with her policy of "opposition for the sake of opposition," and openly

admit they believe she could never be re-elected as president. Though it is hard to imagine a PDI-P ticket without her at the top, Megawati would have to overcome lingering questions about her first presidency, and very low favorability numbers (28% in the most recent credible polling), to beat SBY in 2009.

- Former General Wiranto: Like former President Megawati, is handicapped by the fact that he already lost to SBY. Wiranto is also out of power, not formally attached to any political party, and dogged by concerns about his human rights track record. Despite the long odds, Wiranto's handlers tell us he is angling for a way to make a run at the presidency in 2009; he also reportedly has a sizeable war chest at his disposal.

- Former People's Consultative Assembly (MPR) Chairman Amien Rais: According to Alvin Lie, a close contact of his, Rais is contemplating another run at the presidential palace. Lie affirms that Rais does not seriously think he can win, but feels compelled to take one final shot at the job in 2009 while he still can.

- Former President Abdurrahman Wahid (aka Gus Dur): The enigmatic former president has also publicly discussed running for president again in 2009. Gus Dur's own daughter, Yenny Wahid, tells us she does not even know for sure if he will run, and it is hard to say whether he should be taken seriously when he talks about his interest. In any case, there is very little evidence to suggest his potential candidacy would be treated as anything more than a novelty act, especially since he would likely be disqualified on medical grounds once again.

- Former Golkar Party Chairman Akbar Tandjung: Akbar is also reportedly working behind the scenes to position himself for 2009. Without direct access to the Golkar party machinery or a public position to keep his name in the headlines, our contacts tell us his best bet would be to secure a possible VP slot on a Megawati ticket.

- People's Consultative Assembly (MPR) Chairman Hidayat Nur Wahid: Hidayat is the former president of PKS and the party's biggest star. A credible local polling outfit puts his favorability ratings around 30% and most of our contacts seem to believe he will surface in 2009 as a VP candidate, the perfect running mate for a presidential candidate interested in solidifying support with the Islamist parties. In terms of his viability as a stand alone presidential candidate, our PKS contacts believe both Hidayat and the PKS leadership are waiting for 2014.

- Jakarta Governor Sutiyoso: The one fresh face on the list is a two-term Governor of Indonesia's capital region and a national figure with a reputation as a firm and assertive

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leader. Sutiyoso's successful track record managing the unwieldy metropolis of Jakarta, coupled with his deep pockets, make him an intriguing dark horse presidential candidate. Several of our contacts tell us he is interested in running as either the vice president or the president. His current term expires next year.

- Vice President Jusuf Kalla: He harbors presidential ambitions but would have a hard time challenging SBY for two fundamental reasons: 1.) conventional wisdom holds that only Javanese politicians can win the presidency: Kalla is from South Sulawesi; and 2.) his popularity appears to be directly tied to the President's; as SBY becomes more popular, so too does the VP, and vice versa, making it hard to see how Kalla could distinguish himself in any meaningful way. Kalla recently stated publicly that his background would make him unelectable.

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